Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading)

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO W–02–285 OF 2000

DENIS ONG, JAMES FOONG AND ZALEHA ZAHARI JJCA

26 JUNE 2006

Trade Marks — Registered trade marks — Expungement — Application to expunge — Whether only factors set out in s 37 should be considered and factors under ss 10 and 19 should be excluded — Trade Marks Act 1976

Trade Marks — Registered trade marks — Expungement — Whether period to evaluate distinctiveness of respondents' trade mark to their goods must be 'at the commencement of the proceedings' and not when respondents applied for the registration of their trade mark — Trade Marks Act 1976 s 37(c)

Trade Marks — Registered trade marks — Expungement — Whether respondents' trade mark was likely to deceive or cause confusion to the public — Different types of goods were registered for the respective trade marks — Contrasting trading channels, whether a material determining factor — Whether court should give substantial weight to decision of Registrar in allowing registration of trade mark

Trade Marks — Registered trade marks — Expungement — Whether respondents' trade mark was distinctive of their goods — Disclaimer by Registrar over exclusive use of word 'POWER' — Whether there was exception to effectively neutralize disclaimer

The appellant was the registered proprietor of a trade mark for 'shoes, boots and parts thereof, slippers and sandals' ('the appellant's trade mark') which was registered on 23 August 1971. The appellant's trade mark had the word 'POWER' and a sharp two pronged arrow-like device pointing to the right. Though socks was not one of the goods listed in the register, the appellant claimed that it had merchandised this product under the appellant's trade mark and over time it had gained a reputation and goodwill with substantial income generated from it. The appellant complained that the respondents' trade mark registered on 5 July 1988 for 'socks and underwear' ('the respondents' trade mark') was very similar to the appellant's trade mark. This respondents' trade mark consisted of a three feather-like curve devise with the words 'SPORTS' and 'POWER' written below. The trading activity of the respondents with their trade mark only began in 1991.

The appellant filed a notice of motion in the High Court to expunge and remove the respondents' trade mark from the Register of Trade Marks in Malaysia ('the register'). The appellant argued that: (1) the overlapping of trading channels of the parties

would cause confusion and deception to the public. On this issue, the respondents claimed that this was remote since the appellant's goods were sold exclusively in the appellant's 'BATA' shops whereas the respondents' goods were retailed in general merchandised stores; and (2) the respondents' trade mark was not distinctive of the respondents' goods.

The trial judge dismissed the appellant's application. The trial judge held that: (1) though there may be some confusion by the public over the use of the word 'POWER' in the respondents' trade mark with that of the appellant's, this was neutralized by the fact that different types of goods were registered for the respective trade marks; (2) aside from the common word 'POWER' appearing in the two contending trade marks, the presence of other features in the two competing trade marks would differentiate them; (3) because of the disclaimer placed by the Registrar on the word 'POWER' the appellant was not entitled to the exclusive use of this word; and (4) the complaint that the respondents did not actively use their trade mark since applying for registration was unsubstantiated.

On appeal, the respondents' counsel stated that: (1) in an application to expunge a trade mark from the register only factors set out in s 37 of the Trade Marks Act 1976 ('the Act') apply. Those highlighted by the appellant under ss 10 and 19 of the Act were irrelevant and should be excluded; (2) the period to evaluate distinctiveness of the respondents' trade mark to their goods must be 'at the commencement of the proceedings' (according to sub-para (c) of s 37 of the Act), not when the respondents applied for the registration of their trade mark; and (3) the court should give substantial weight to the decision of the Registrar who, despite being aware of the presence of the appellant's trade mark in the Register, decided to allow the respondents to proceed with advertising their mark in the gazette.

The appellant on the other hand persisted to argue that aside from this word 'POWER' in the appellant's trade mark, other feature in the mark seen together with this word as a whole would distinguished it from the appellant's goods. In this sense, the appellant should be entitled to the exclusive use of it.

The issues were: (1) whether the respondents' trade mark was likely to deceive or cause confusion to the public; and (2) whether the respondents' trade mark was, at the commencement of the proceedings, distinctive of the goods or services of the respondents.

Held, dismissing the appeal with costs:

(1) In an evaluation exercise for the rectification of the register to expunge and remove a registered trade mark, the court must confine itself to only those circumstances described in s 37 of the Act. And by virtue of s 37(b) of the Act, those instances mentioned in s 14 of the Act are also included. And in respect of 'distinctiveness' (under s 37(c) of the Act), it must be considered at the time of the commencement of the proceedings, not at the time when an application for registration of a trade mark was made. Further, there was one other exception. Since the respondents had applied for registration of their trade mark in 1988, sub-ss (d) to (g) of s 14 of the Act do not apply. These subsections were only introduced into the Act by way of an amendment in the year 2000 (see para 19). Therefore, there was misdirection by the trial

judge when he took into consideration factors set out under ss 10 and 19 of the Act. These factors had no relevance to this kind of application made by the appellant. But since the trial judge had also taken into consideration factors set out in s 37 of the Act in coming to his decision, this misdirection was isolated and did not affect the material part of his judgment (see para 20).

(2) The effect of the idea of the mark in the minds of the probable consumers was very much diluted by the fact that the appellant's goods sold under the appellant's trade mark were only retailed in the appellant's exclusive 'BATA' shops or those franchised by the appellant, and not in general merchandise outlets such as those used by the respondents. Thus, contrasting trading channels was a material determining factor when one considered the idea of the mark (see para 27). For the public to be confused, the respondents' goods sold under the respondents' trade mark must first exist in the market, otherwise there could be no confusion and deception to the public with only the goods of the appellant sold thus begging the necessity for this appellant's application to rectify the register (see para 30).

(3) Due to the disclaimer by the Registrar over the use of the word 'POWER' in both the appellant's and respondents' trade marks, neither the appellant nor the respondents had a monopoly over the use of the word 'POWER' (see paras 35–36). Before an exception could effectively neutralize the Registrar's disclaimer, there must be a close scrutiny of the other feature in the appellant's trade mark to ascertain whether this together with the word 'POWER' distinguished the appellant's goods (see para 37). In this case, the word 'POWER' was the dominating feature and without this word (or if this substituted) then the appellant's trade mark would not be distinctive of the goods of the appellant. In short, the appellant had to rely on the disclaimed word to distinguish it with its goods. The other feature played a relatively minor role, or was just being complimentary. In this respect, the exception was not applicable in this instance (see para 38).

(4) The appellant's trade mark was not registered for the goods sold by the respondents under their trade mark. The appellant's trade mark was only for shoes, boots and parts thereof, slippers and sandals. These goods, whilst registered under the same classification (Class 25) as that of the respondents', nevertheless contrasted dramatically with those of the respondents and this was another factor against the appellant's case (see para 41).

(5) The decision of the Registrar to permit the respondents' trade mark to be advertised in the gazette must bear some weight upon the court when considering this application of the appellant. Since the law had placed upon the Registrar a discretion to decide whether there was likelihood of confusion and deception to the public and if he had made an evaluation before exercising his discretion then due weight should be accorded to his decision when a court considered a subsequent application for the removal of a duly registered trade mark that had undergone such a process. This factor was rightly and duly considered by the trial judge (see para 43).

(6) Probable customers or purchasers of goods retailed by the appellant would not be so foolish as to buy the respondents' goods sold under the respondents' trade

mark by mistake for that of the appellant's. There was no real tangible possibility of confusion or deception to the public by the use of the respondents' trade mark for their goods. Thus the trial judge had not misdirected himself over this aspect of the case (see para 44).

(7) The appellant had only adduced evidence of non-distinctiveness of the respondents' goods to their trade mark at the time of registration. This was completely off the mark. Section 37(c) of the Act specifically demands that this should be 'at the commencement of the proceedings' (see para 47).

[Bahasa Malaysia summary

Perayu merupakan tuan punya tanda dagang untuk 'shoes, boots and parts thereof, slippers and sandals' ('tanda dagang perayu') yang telah didaftarkan pada 23 Ogos 1971. Tanda dagang perayu mempunyai perkataan 'POWER' dan dua lambang berbentuk seperti anak panah bergigi tajam menghala ke kanan. Meskipun stoking bukan salah satu daripada barangan yang disenaraikan dalam buku daftar, perayu mendakwa telah mendagangkan produk ini di bawah tanda dagang perayu dan dengan pengedaran masa ia telah mendapat reputasi dan nama baik dengan pendapatan cukup besar yang diperoleh daripadanya. Perayu mengadu bahawa tanda dagang responden-responden yang didaftarkan pada 5 Julai 1988 untuk 'socks and underwear' ('tanda dagang responden') adalah serupa dengan tanda dagang perayu. Tanda dagang responden-responden ini mengandungi tiga lambang lengkungan berbentuk seperti bulu pelepah dengan perkataan-perkataan 'SPORTS' dan 'POWER' tertera di bawahnya. Kegiatan dagangan responden-responden dengan tanda dagang mereka hanya bermula dalam tahun 1991.

Perayu telah memfailkan satu notis usul di Mahkamah Tinggi untuk memadam dan mengalihkan tanda dagang responden-responden daripada Buku Daftar Tanda Dagang di Malaysia ('buku daftar itu'). Perayu berhujah bahawa: (1) saluran dagangan pihak-pihak yang bertindan akan menyebabkan kekeliruan kepada orang awam. Berhubung isu ini, responden-responden mendakwa bahawa ini tiada kaitannya kerana barangan perayu dijual secara eksklusif di kedai-kedai 'BATA' perayu manakala barangan responden-responden dijual secara runcit di kedai-kedai dagangan; dan (2) tanda dagang responden tidak mempunyai ciri-ciri tersendiri barangan responden-responden.

Hakim perbicaraan telah menolak permohonan perayu. Hakim perbicaraan memutuskan bahawa: (1) meskipun mungkin terdapat sedikit kekeliruan oleh orang awam mengenai penggunaan perkataan 'POWER' dalam tanda dagang responden-responden dengan tanda dagang perayu, ini diimbangkan dengan fakta bahawa jenis barangan yang berbeza telah didaftarkan untuk tanda dagang masing-masing; (2) selain daripada perkataan 'POWER' yang sama terdapat pada kedua-dua tanda dagang yang bersaing, kewujudan beberapa ciri-ciri dalam kedua-dua tanda dagang yang bersaing tersebut akan membezakannya; (3) disebabkan penafian yang dinyatakan oleh buku daftar itu pada perkataan 'POWER' perayu tidak berhak terhadap penggunaan eksklusif perkataan ini; dan (4) aduan bahawa responden-responden tidak secara aktif menggunakan tanda dagang mereka sejak memohon untuk pendaftaran itu tidak dapat disahkan.

A Semasa rayuan, peguam responden-responden menyatakan bahawa: (1) dalam satu permohonan untuk memadamkan tanda dagang daripada buku daftar itu hanya faktor-faktor yang ditetapkan dalam s 37 Akta Tanda Dagang 1976 ('Akta tersebut') adalah terpakai. Yang mana telah diutarakan oleh perayu di bawah ss 10 dan 19 Akta tersebut adalah tidak relevan dan patut dikecualikan; (2) tempoh untuk menilai
B perbezaan tanda dagang responden pada barangan mereka hendaklah 'at the commencement of the proceedings' (menurut sub perenggan (c) s 37 Akta tersebut), bukan apabila responden-responden memohon untuk pendaftaran tanda dagang mereka; dan (3) mahkamah hendaklah memberikan penekanan terhadap keputusan Pendaftar yang, meskipun sedar tentang kewujudan tanda dagang perayu dalam buku daftar itu, telah memutuskan untuk membenarkan responden-responden
C meneruskan pengiklanan tanda mereka dalam warta.

Perayu sebaliknya tetap ingin menghujahkan bahawa selain daripada perkataan 'POWER' ini dalam tanda dagang perayu, ciri-ciri lain dalam tanda itu dilihat bersama dengan perkataan ini secara keseluruhannya akan membezakannya daripada barangan perayu. Oleh itu, perayu sepatutnya berhak terhadap penggunaan
D eksklusifnya.

Isu-isunya adalah: (1) sama ada tanda dagang responden-responden berkemungkinan memperdayakan atau menyebabkan kekeliruan kepada orang awam; dan (2) sama ada tanda dagang responden-responden adalah, pada mula prosiding, berbeza dengan barangan atau khidmat responden-responden.

E

Diputuskan, menolak rayuan dengan kos:

(1) Dalam membuat penilaian untuk membetulkan buku daftar itu untuk memadam dan mengalihkan suatu tanda dagang berdaftar, mahkamah
F sepatutnya terbatas kepada keadaan yang dinyatakan dalam s 37 Akta tersebut. Dan menurut s 37(b) Akta tersebut, ia termasuklah juga keadaan yang disebutkan dalam s 14 Akta tersebut. Dan berhubung 'distinctiveness' (di bawah s 37(c) Akta tersebut), ia hendaklah ditimbangkan pada mula prosiding, bukan pada masa apabila suatu permohonan untuk pendaftaran
G tanda dagang dibuat. Bahkan, terdapat satu lagi pengecualian. Memandangkan responden-responden telah memohon untuk pendaftaran tanda dagang mereka pada 1988, sub-ss (d) hingga (g) Akta tersebut tidak terpakai. Subseksyen tersebut hanya dinyatakan dalam Akta tersebut melalui satu pindaan pada tahun 2000 (lihat perenggan 19). Oleh itu, terdapat salah arah
H oleh hakim perbicaraan apabila beliau mengambilkira faktor-faktor yang dinyatakan dalam ss 10 dan 19 Akta tersebut. Faktor-faktor tersebut tidak relevan dengan permohonan jenis ini yang dibuat oleh perayu. Namun memandangkan hakim perbicaraan juga mengambilkira faktor-faktor yang dinyatakan dalam s 37 Akta tersebut dalam membuat keputusannya, salah arahan ini adalah suatu yang terasing dan tidak menjejaskan bahagian
I penting penghakimannya (lihat perenggan 20).

(2) Kesan gambaran tanda itu dalam pemikiran bakal pelanggan dilemahkan dengan fakta bahawa barangan perayu yang dijual di bawah tanda dagang perayu hanya dijual secara runcit di kedai-kedai eksklusif 'BATA' perayu atau yang man difrancaiskan oleh perayu, dan bukan secara amnya di salur keluar

dagangan seperti yang digunakan oleh responden-responden. Oleh itu, saluran dagangan yang berbeza merupakan faktor penting yang menentukan bila seseorang mengambilkira gambaran tanda itu (lihat perenggan 27). Untuk orang awam dikelirukan, barangan responden-responden yang dijual di bawah tanda dagang responden-responden hendaklah terlebih dahulu berada di pasaran, jika tidak, tidak akan wujud kekeliruan dan perdayaan kepada orang awam dengan hanya barangan perayu yang dijual oleh itu permohonan perayu untuk membetulkan buku daftar itu adalah perlu (lihat perenggan 30).

(3) Akibat penafian oleh Pendaftar tentang penggunaan perkataan 'POWER' dalam kedua-dua tanda dagang perayu dan responden-responden, perayu maupun responden-responden tidak mempunyai monopoli terhadap penggunaan perkataan 'POWER' itu (lihat perenggan 35–36). Sebelum satu pengecualian boleh diimbangi secara berkesan penafian Pendaftar itu, perlulah diteliti ciri-ciri lain dalam tanda dagang perayu untuk menentukan sama ada ini bersama dengan perkataan 'POWER' membezakan barangan perayu (lihat perenggan 37). Dalam kes ini, perkataan 'POWER' merupakan ciri-ciri yang ketara dan tanpa perkataan ini (atau jika ia digantikan) maka tanda dagang perayu tidaklah berbeza dengan barangan perayu. Pendek kata, perayu hendaklah bergantung kepada penafian perkataan untuk membezakannya dengan barangannya. Ciri yang lain hanya berperanan kecil, atau hanya sebagai tambahan. Oleh itu, pengecualian itu tidak terpakai dalam keadaan ini (lihat perenggan 38).

(4) Tanda dagang perayu tidak didaftarkan untuk barangan yang dijual oleh responden-responden di bawah tanda dagang mereka. Tanda dagang perayu hanyalah untuk kasut, but dan sebahagian daripadanya, selipar dan sandal. Barangan tersebut, yang didaftarkan di bawah klasifikasi yang sama (Kelas 25) sepertimana responden-responden, amat berbeza dengan responden-responden dan ini merupakan faktor lain terhadap kes perayu (lihat perenggan 41).

(5) Keputusan Pendaftar untuk membenarkan tanda dagang responden-responden diiklankan dalam warta hendaklah ditekankan oleh mahkamah apabila mengambilkira permohonan perayu ini. Memandangkan undang-undang memberikan Pendaftar budi bicara untuk memutuskan sama ada terdapat kebarangkalian kekeliruan dan perdayaan kepada orang awam dan jika beliau telah membuat penilaian sebelum menggunakan budi bicaranya maka penekanan sewajarnya diberikan terhadap keputusannya apabila mahkamah mempertimbangkan permohonan berikutnya untuk penyingkiran tanda dagang yang telahpun didaftarkan yang telah melalui proses sedemikian. Faktor ini telah dipertimbangkan dengan betul oleh hakim perbicaraan (lihat perenggan 43).

(6) Bakal pelanggan atau pembeli barangan yang dijual secara runcit oleh perayu tidak akan kurang bijak sehingga tersilap membeli barangan responden-responden yang dijual di bawah tanda dagang responden-responden yang disangkakan barangan perayu. Tiada kemungkinan kekeliruan atau perdayaan yang ketara kepada orang awam dengan penggunaan tanda dagang responden-responden untuk barangan mereka. Oleh itu, hakim perbicaraan tidaklah salah arah berhubung aspek kes ini (lihat perenggan 44).

(7) Perayu hanya mengemukakan keterangan tentang ketiadaan perbezaan barangan responden-responden dengan tanda dagang mereka pada masa pendaftaran. Ini bukan keadaan sepatutnya. Seksyen 37(c) Akta tersebut secara khusus menghendaki bahawa ini sepatutnya berlaku 'at the commencement of the proceedings' (lihat perenggan 47).]

Notes

For cases of expungement of registered trade marks, see 12 *Mallal's Digest* (4th Ed, 2002 Reissue) paras 1866–1881.

Cases referred to

Australian Woollen Mills Limited v FS Walton And Company Limited (1937) 58 CLR 641 (refd)

Criminal Clothing Ltd v Aytan's Manufacturing (UK) Ltd [2005] All ER (D) 251 (June) (refd)

Dodds Family Investments Pty Ltd (formerly Solar Tint Pty Ltd) v Lane Industries Pty Ltd and Ors 25 IPR 197 (refd)

Ford-Werke's Application (1995) 72 RFC 191 (refd)

GEC v The GE Co Ltd [1972] All ER 507 (refd)

Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7 (refd)

Paton Calvert Cordon Bleu Trade Mark (1996) RPC 94 (refd)

Piew Chuan v Araca Enterprise Sdn Bhd, [1998] 1 AMR 645 (refd)

Solavoid Trade Mark (1977) RFC 1 (refd)

Standard Ideal Company v Standard Sanitary Manufacturing Company (1910) RFC Vol 27 789 (refd)

Sykt Telekom Malaysia Bhd v Business Chinese Directory Sdn Bhd [1994] 2 MLJ 420. (distd)

Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd [1997] 4 MLJ 504 (refd)

William Bailey (Birmingham) Ltd's Application, Re 52 RPC 153 (refd)

Legislation referred to

Rules of High Court 1980 O 92 r 1

Trade Marks Act 1976 ss 10(1), 14(1)(a), (d), (e), (f), (g), 19(1), 27, 36, 37(b), (c), 45

Appeal from: Civil Suit No D3–25–23 of 1998 (High Court, Kuala Lumpur)

Nad Segaram (Camilla Alim with him) (Shearn Delamore & Co) for the appellant. WA Shashila (Ram Rais & Partners) for the respondents.

James Foong JCA (delivering judgment fo the court):

INTRODUCTION

[1] The appellant had filed a notice of motion in the High Court seeking the following reliefs:

(1) that respondents' trade mark, bearing registration No 88/03298, registered on 5 July 1988 under class 25 for 'socks and underwear' ('the respondents' trade mark), be expunged and removed from the Register of Trade Marks in Malaysia (Register);

(2) that the Registrar of Trade Marks, Malaysia (Registrar), be directed to rectify the Register by removing therefrom the respondents' trade mark and that this be published in the Government Gazette.

(3) that costs of and incidental to this application, including those at the Registry, be paid by the respondents.

THE APPELLANT'S REASONS

[2] To support its application, the appellant advanced these reasons: First, the appellant declared that it is the registered proprietor of a trade mark under class 25 for shoes, boots and parts thereof, slippers and sandals bearing registration number M/57693 (the appellant's trade mark) which was registered on 23 August 1971. The appellant's trade mark has the word 'POWER' and a sharp two pronged arrow-like device pointing to the right. The illustration takes this form:

[3] According to the appellant, it has used this trade mark since 1971 for the goods as registered. Though socks is not one of the goods listed in the Register, the appellant claimed that it has merchandised this product under the appellant's trade mark and over time it has gained a reputation and goodwill with substantial income generated from it. To support this, the appellant adduced various documents showing trading channels where the appellant has marketed its goods under its trade mark.

[4] The appellant then complained that the respondents also have a registered trade mark which is very similar to the appellant's trade mark. It is registered on 5th July 1988. It was also registered under Class 25 but the goods listed are: socks and underwear. This respondents' trade mark consists of a three feather-like curve devise with the word 'SPORTS' written below. Then just beneath this is another word: 'POWER'. The illustration of the respondents' trade mark is as follows:

[5] According to the appellant, the respondents did not invent or create their trade mark but instead merely played on the appellant's trade mark and coined up something similar to that of the appellant's. Not only this, the respondents did not use their trade mark after submitting it for registration. The trading activity of the respondents with their trade mark only began in 1991, and even this is suspected for reason that the invoices produced by the respondents to prove their trading channels

are in Chinese characters which, if not translated into Bahasa Malaysia, cannot be admitted as evidence in a court of law in this country. The appellant then stressed that even if the respondents had used their trade mark the overlapping of trading channels of the parties would cause confusion and deception to the public whereby a purchaser intending to buy the appellant's goods may mistakenly purchased the respondents' instead. In addition, the appellant insisted that the respondents' trade mark is not distinctive of the respondents' goods. And finally, though admitting that the appellant did not raise any objection after the respondents' trade mark was advertised in the gazette under s 27 of the Trade Marks Act 1976 ('the Act'), the appellant maintained that it can still do so now.

THE RESPONDENTS' REPLY

[6] The respondents first denied all the allegations of the appellant. They explained that they have never copied the appellant's trade mark. Their trade mark was designed by themselves from their own original idea. Though admitting that there may be some minor similarities to the appellant's trade mark, they insisted that such similarities would not cause any confusion and deception to the public. In fact, this fear was dismissed by the Registrar who allowed the respondents to proceed with the advertisement of their trade mark in the government gazette.

[7] The respondents then disclosed that they had used their trade mark after applying for its registration. They said that they could not prove this by documentary evidence because such evidence was destroyed by floods occurring at their premises. And on the claim by the appellant that there is an overlapping of trading channels of the parties, the respondents claimed that this is remote since the appellant's goods are sold exclusively in the appellant's 'BATA' shops or those franchised by the appellant whereas the respondents' goods are retailed in general merchandised stores. As the trading channels of the parties are substantially different, there is very little likelihood of confusion and deception to the public on the use of the parties' respective trade marks in marketing their respective goods.

FINDING OF THE TRIAL JUDGE AND THE APPROACH TAKEN BY HIM

[8] The trial judge who heard the appellant's application proffered the following reasons for dismissing the application:

[9] Though satisfied that the appellant is an aggrieved party to bring this application, the trial judge began first by declaring that there is no merit in the appellant's claim that the respondents' trade mark is not distinctive of the goods of the respondents. He viewed that distinctiveness under s 10(1) of the Act (pre-amendment in 2000) is only one of the factors to be considered for the registration of a trade mark. It is 'not the sole criteria for registration'. In any event, he said that since the Registrar has accepted the respondents' trade mark application for registration, this issue of distinctiveness should be laid to rest. To appreciate this reasoning, we reproduce s 10(1) of the Act (pre-amendment).

10(1) In order for a trade mark (other than a certification trade mark) to be registrable in Part A of the Register, it shall contain or consist of at least one of the following particulars:

(a) the name of an individual, company or firm represented in a special or particular manner;

(b) the signature of the applicant for registration or of some predecessor in his business;

(c) an invented word or words;

(d) a word having no direct reference to the character or quality of the goods or services not being, according to its ordinary meaning, a geographical name or surname; or

(e) any other distinctive mark.

[10] The trial judge then proceeded to discuss s 19(1) of the Act which deals with:

Identical trade marks.

19(1) No trade mark shall be registered in respect of any goods or description of goods —

(a) that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or

(b) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.

[11] Though admitting that there may be some confusion by the public over the use of the word 'POWER' in the respondents' trade mark with that of the appellant's, the trial judge felt that this is neutralized by the fact that different types of goods are registered for the respective trade marks. In the case of the appellant's trade mark, the goods specified are for shoes, boots of any part thereof, slippers and sandals. It does not include socks and underwear which the respondents' trade mark is registered for. Then, aside from the common word 'POWER' appearing in the two contending trade marks, the trial judge felt that the presence of other features in the two competing trade marks would differentiate them. Further, because of the disclaimer placed by the Registrar on the word 'POWER' he said that the appellant is not entitled to the exclusive use of this word. And on the complaint that the respondents did not actively use their trade mark since applying for registration, the trial judge found this unsubstantiated.

[12] Before concluding, the trial judge also invoked s 14 of the Act which stipulates:

Prohibition on registration

14(1) A mark or part of a mark shall not be registered as a trade mark —

(a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;

(b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law; or

(c) if it contains a matter which in the opinion of the Registrar is or might be prejudicial to the interest or security of the nation;

(d) (not applicable since this subsection came into force in 2000, subsequent to the registration of the respondents' mark).

(e) (not applicable since this subsection came into force in 2000, subsequent to the registration of the respondents' mark).

(f) (not applicable since this subsection came into force in 2000, subsequent to the registration of the respondents' mark).

(g) (not applicable since this subsection came into force in 2000, subsequent to the registration of the respondents' mark).

[13] According to the trial judge, of the three relevant sub-sections above, only sub-s 14(1)(a) applies. And based on the same grounds stated by him, he held that the public would not be confused and deceived by the existence of the respondents' trade mark.

THE CORRECT PROCEDURE IN DEALING WITH AN APPLICATION OF THIS NATURE

[14] Before we proceed to analyze the substantive issues, we must first determine what factors should be considered in an application of this nature. This is necessary when it was brought to our attention by the respondents' counsel that in an application to expunge a trade mark from the Register only factors set out in s 37 of the Act apply. Those highlighted by the appellant under ss 10 and 19 of the Act are irrelevant and should be excluded. Further, the respondents' counsel pointed out that the period to evaluate distinctiveness of the respondents' trade mark to their goods must be "at the commencement of the proceedings" (according to sub-paragraph (c) of s 37 of the Act), not when the respondents applied for the registration of their trade mark.

[15] To appreciate this submission of the respondents' counsel, it is necessary for us to first set out some basic law on the effect of a registered trade mark.

[16] Under s 36 of the Act, 'the fact that a person is registered as proprietor of the trade mark shall be prima facie evidence of the validity of the original registration of the trade mark'. And such registration is conclusive as provided by s 37 of the Act which states:

> Registration conclusive
>
> 37. In all legal proceedings relating to a trade mark registered in Part A of the Register (including applications under section 45) the original registration of the trade mark under this Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown -
>
> (a) that the original registration was obtained by fraud;
>
> (b) that the trade mark offends against section 14; or
>
> (c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor, except that this section shall not apply

to a trade mark registered under the repealed Ordinances and incorporated in the Register pursuant to subsection (3) of section 6 until after expiration of three years from the commencement of this Act.

[17] When a trade mark is registered, it entitles the registered proprietor to the exclusive use of the mark subject, of course, to the right of concurrent user by any registered proprietor of an identical mark or one nearly resembling it — see *GEC v The GE Co Ltd* [1972] All ER 507 at p 526.

[18] From the above, we observed that even though a trade mark is registered, it does not prevent anyone from challenging the validity of the mark if he can prove that it falls within one of the circumstances mentioned in s 37 of the Act. And to mount such a challenge, s 45 of the Act sets out the following process:

Rectification of the Register

45(1) Subject to the provisions of this Act —

(a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if it thinks fit;

(b) the Court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the Register;

(c) in case of fraud in the registration, assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;

(d) an order of the Court rectifying the Register shall direct that notice of the rectification be served on the Registrar in the prescribed manner and the Registrar shall upon receipt of the notice rectify the Register accordingly.

[19] By these provisions, it is clear that in an evaluation exercise for the rectification of the Register to expunge and remove a registered trade mark, the court must confine itself to only those circumstances described in s 37 of the Act. And by virtue of s 37(b) of the Act, those instances mentioned in s 14 of the Act are also included. And in respect of 'distinctiveness' (under s 37 sub-para (c) of the Act), it must be considered at the time of the commencement of the proceedings, not at the time when an application for registration of a trade mark was made. Further, in our present case, there is one other exception. Since the respondents had applied for registration of their trade mark in 1988, sub-ss (d) to (g) of s 14 of the Act do not apply. These subsections were only introduced into the Act by way of an amendment in the year 2000.

[20] With these parameters identified, we can immediately detect a misdirection by the trial judge when he took into consideration factors set out under ss 10 and 19 of the Act. These factors have no relevance to this kind of application made by the appellant. But since the trial judge has also taken into consideration factors set out in s 37 of the Act in coming to his decision, we feel that this misdirection is isolated

and does not affect the material part of his judgment.

FACTORS TO BE CONSIDERED

To summarize, for this kind of application, the factors to be considered are as follows:

(1) whether the original registration of the respondents' trade mark was obtained by fraud;

(2) whether the respondents' trade mark is likely to deceive or cause confusion to the public or is contrary to law;

(3) whether the respondents' trade mark contains or comprises any scandalous or offensive matter or would otherwise not be entitled to the protection by any court of law;

(4) whether the respondents' trade mark contains a matter which in the opinion of the registrar is or might be prejudicial to the interest or security of the nation;

(5.) whether the respondents' trade mark is, at the commencement of the proceedings, distinctive of the goods or services of its registered proprietor.

[21] As the allegations of the appellant do not cover factors 1, 3 and 4 above, we will leave these out of our consideration. All that is necessary is for us to focus on factors 2 and 5. And even on the second factor, it must be confined to whether the respondents' trade mark is likely to deceive or cause confusion to the public and not whether the respondents' trade mark is contrary to law. The latter is not relied upon by the appellant as a ground to rectify the Register.

First issue: Likely to deceive or cause confusion to the public

[22] In considering whether the allegedly similar trade marks would cause confusion and deception to the public, it is necessary, at the outset, to state that similarity per se is acceptable, so long as it does not lead to a likelihood of confusion or deception — see Kerly on *Law of Trade Marks & Trade Names* (13th Ed) paras 16-32. And confusion and deception here should be precipitated to those probable customers or purchasers of goods who may be misled into purchasing one party's goods for that of another. A possibility of confusion is not sufficient. There must be 'a real tangible danger of confusion' — see Farwell J in *Re William Bailey (Birmingham) Ltd's Application* 52 RPC 153 at line 24. To ascertain whether there is a likelihood of confusion and deception, we find the following passage in the Australian case of *Australian Woollen Mills Limited v FS Walton And Company Limited* (1937) 58 CLR 641 at p 658 worthy for adoption:

> In deciding this question, the marks ought not, of course, to be compared side by side. An attempt should be made to estimate the effect or impression produced on the mind of potential customers by the mark or device for which the protection of an injunction is sought. The impression or recollection which is carried away and retained is necessarily the basis of any mistaken belief that the challenged mark or device is the same. The effect of spoken description must be considered. If a mark is in fact or from its nature likely to be the source of some name or verbal description by which buyers will express their desire to have the goods, then similarities both of sound and of meaning may play an important part.

The usual manner in which ordinary people behave must be the test of what confusion or deception may be expected. Potential buyers of goods are not to be credited with any high perception or habitual caution. On the other hand,' exceptional carelessness or stupidity may be disregarded. The course of business and the way in which the particular class of goods are sold gives, it may be said, the setting, and the habits and observation of men considered in the mass affords the standard. Evidence of actual cases of deception, if forthcoming, is of great weight.

[23] Broadly speaking, the factors for consideration here can be summarized as follows:

(a) the idea of the mark is to be regarded;

(b) the elements of the mark must be taken as a whole;

(c) imperfect recollection of the mark by customers or purchasers should be taken into account;

(d) the aural as well as the visual aspect of a customer towards the mark is relevant; and

(e) all the circumstances of the trade must be considered (see *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504 at p 527) adopting those stated in *Kerly's Law of Trade Marks & Trade Names* (12th Ed) from paras 17-08–17-21).

[24] Though it is advised that the two contending marks should not be placed side by side for comparison but for initial effect, we are of the view that it is still necessary in an evaluation process of this nature to first examine the two marks visually in order to ascertain whether they resemble each other materially. If they are distinctively dissimilar then obviously the public could not be possibly deceived or confused by the two marks.

[25] To ascertain this, we agree with the approach adopted by the trial judge who began by looking at the two contending marks. Aside from the common word 'POWER', the respondents' trade mark has another word: 'SPORTS' above it. This is not found in the appellant's trade mark. Then, when one examines the font used in the respondents' trade mark and compares it with the appellant's, more dissimilarity appears. An up-right font is applied to the word 'POWER' in the respondents' mark whilst the appellant's adopted a slanting style. In presenting this word 'POWER', the respondents have added shades to the alphabet 'P', giving an impression of speed. This is not apparent in the appellant's mark. Next is the device. The three soft waves or curves above the word 'POWER' in the respondents' trade mark contrast dramatically with that of the appellant's, which is represented by an angular arrow device.

[26] We have reminded ourselves that two marks placed side by side may exhibit many and obvious differences but what is important is the idea of the mark left in the minds of the probable consuming public. To elaborate this significance, we reproduce a passage from *Kerly's Trade Marks & Trade Names* (13th Ed) p 603, which states:

> Two marks, when placed side by side, may exhibit many and various differences, yet the main idea left on the mind by both may be the same. A person acquainted with one mark, and not having the two side by side for comparison, might well be deceived, seeing the second mark on other goods, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted.

[27] But it is our considered view that the effect of the idea of the mark in the minds of the probable consumers is very much diluted by the fact that the appellant's goods sold under the appellant's trade mark are only retailed in the appellant's exclusive 'BATA' shops or those franchised by the appellant. The appellant's goods carrying its trade mark are not sold in general merchandise outlets such as those used by the respondents. We believed that probable customers wanting to buy the appellant's products, which are principally footwear, would proceed directly to the appellant's shops or franchised holders where they know that the goods of the appellant are sold. They would not, in our view, venture into a general retailing store that stocks the respondents' socks and underwear to buy the appellant's goods. Thus, contrasting trading channels is a material determining factor when one considers the idea of the mark.

[28] Nevertheless, according to the appellant, the trade channels used by the respondents' are suspected. The invoices issued by the respondents to their various trading outlets are written in the Chinese language, which, if not translated into National Language or English cannot be admitted as evidence under O 92 r 1 of the Rules of High Court 1980 ('RHC') as decided by the Supreme Court in *Sykt Telekom Malaysia Bhd v Business Chinese Directory Sdn Bhd* [1994] 2 MLJ 420.

[29] Though the Supreme Court in *Sykt Telekom Malaysia Bhd v Business Chinese Directory Sdn Bhd* has broadly decided that O 92 r 1 of the RHC is a mandatory provision which requires any document in any language other than the National Language or English to be translated into the National Language before it can be accepted in evidence, it seems to us that this is limited to a document which is entirely in a different language. But if the document, like in this case, is partly in English and partly in Chinese, and can be decipher by the court for the purpose intended then such document can be accepted into evidence to prove the intended purpose. In this case, the respondents' intention in producing these invoices is to show their trading channels. These documents have the respondents' company's name in English with accompanying Chinese characters and in most of them, the recipients of the goods are written in Chinese. But there are times when they are spelled out in English. Regarding the goods supplied, there is a mixture of English and Chinese words. Common English words appearing are: 'socks', 'Power', 'cotton' and 'white' followed by the number of items supplied. When the trial judge accepted this set of invoices as evidence, he must have understood its contents to indicate that the respondents' firm was selling its goods under the respondents' trade mark to various customers. And judging from the relatively high volume of stock transacted it must be implied that these customers are retailers. In this sense, we find that *Sykt Telekom Malaysia Bhd v Business Chinese Directory Sdn Bhd* can be distinguished on the basis that in this present case the documents adduced are not entirely in another language other than the National Language or English and that the trial judge

understood the purpose for which these documents were intended to prove. This was the same approach taken in *Piew Chuan v Araca Enterprise Sdn Bhd,* [1998] 1 AMR 645 where the trial judge there first identified the objective for which the document was to be admitted and when the document (which is partly written in Chinese) was understood to be for the objective intended, it was ruled admissible though not translated into the National Language or English. We agree to such approach.

[30] In any event, we find that this objection of the appellant on the admissibility of these documents rather strange and contrary to what the appellant is attempting to establish: that the public is confused and deceived by the respondents' trade mark for its goods. We would have thought that for the public to be confused, the respondents' goods sold under the respondents' trade mark must first exist in the market otherwise there could be no confusion and deception to the public with only the goods of the appellant sold thus begging the necessity for this appellant's application to rectify the Register.

[31] Now we turn to the aural aspect of the two trade marks. The trial judge has declared that aurally there might be confusion caused by the word 'POWER' which appears in both the trade marks. To appreciate the effect of this, we apprehend below a passage from *Criminal Clothing Ltd v Aytan's Manufacturing (UK) Ltd* [2005] All ER (D) 251 (June):

> Notwithstanding the finding of visual dissimilarity, the Hearing Officer considered that the marks were aurally similar. He considered a number of factors in arriving at that conclusion: (a) that words in trade marks speak louder than devices; (b) that the first word in a trade mark is the most important; (c) despite the added devices, the AML trade mark was likely to be remembered as 'CRIMINAL DAMAGE' and the CCL mark as 'CRIMINAL' (d) as a consequence the marks shared a degree of oral/aural similarity.

[32] Though the aural aspect of the marks is of significance but nevertheless we have to ascertain whether the appellant has acquired an exclusive right to the use of the word 'POWER' in the first place.

[33] We find that the word 'POWER' is not an invented word. It is in fact a generic and commonly used word. To be an invented word it:

> must not only be newly coined, in the sense of not being already current in the English language, but must be such as not to convey any meaning, or, at any rate, any obvious meaning… It must be a word having no meaning or no obvious meaning until one has been assigned to it — Parker J in *Philippart's Trade Mark* [1908] 25 RFC 565.

[34] But we were told by the appellant that though the word 'POWER' may be a generic and commonly used word, but it has acquired a secondary meaning to distinguish it from the goods marketed by the appellant. As such, the appellant should be entitled to the exclusive use of it. To support this, the case of *Standard Ideal Company v Standard Sanitary Manufacturing Company* (1910) RFC Vol 27 789 was cited.

[35] We agree that if a word in a trade mark has achieved a secondary meaning to distinguish it from the goods of the proprietor of that trade mark, then such proprietor may be entitled to the exclusive use of it. But in this case there is insufficient evidence advanced by the appellant to convince us of this. In any event, this claim to exclusivity by the appellant is much weakened by the imposition of a disclaimer by the Registrar over the use of the word 'POWER' in both the appellant's and respondents' trade marks. The disclaimer reads:

> registration of this mark shall give no right to the exclusive use of the word 'POWER'.

[36] Generally, this means that neither the appellant nor the respondents has a monopoly over the use of this word. Though accepting this as a general proposition, the appellant persisted to argue that aside from this word 'POWER' in the appellant's trade mark, other feature in the mark seen together with this word as a whole, would distinguish it from the appellant's goods. In this sense, the appellant should be entitled to the exclusive use of it. To support this proposition, the appellant cited *Ford-Werke's Application* (1995) 72 RFC 191, and *Paton Calvert Cordon Bleu Trade Mark* (1996) RPC 94.

[37] We have no quarrel with this proposition, which we believe, to a certain extent, can nullify the effect of a disclaimer. However, we feel that before such an exception can effectively neutralize the Registrar's disclaimer, there must be a close scrutiny of the other feature in the appellant's trade mark to ascertain whether this together with the word 'POWER' distinguishes the appellant's goods.

[38] There can be no dispute that the word 'POWER' is the prominent feature in the appellant's trade mark. The device in the appellant's trade mark only plays a secondary role. When the disclaimed word is the hallmark of the appellant's trade mark and the other feature is just there to enhance it then it cannot be said that the word 'POWER', taken with the other feature as a whole, distinguishes the appellant's goods. The word 'POWER' is the dominating feature and without this word (or if this substituted) then the appellant's trade mark would not, in our opinion, be distinctive of the goods of the appellant. In short, the appellant has to rely on the disclaimed word to distinguish it with its goods. The other feature plays a relatively minor role, or is just being complimentary. In this respect, we feel that the exception spoken of is not applicable in this instance.

[39] Still on the topic of the feature of a trade mark, the appellant pointed out that if the respondents' trade mark is allowed to persist, the public may think that it is a mark varied by the appellant to accommodate the different ranges of goods sold by the appellant; a trade practice which is common in the market. But we find that this argument is unconvincing once we revisit the trading channels of the parties. As disclosed, the appellant's products sold under its trade mark are only available in its own retail 'BATA' outlets or those franchised by the appellant. But the respondents' goods are found in general merchandise stores. And even in the retail outlets of the appellant, the goods sold are confined to mainly footwear as compared to the general merchandise sold in stores used by the respondents. So, as correctly observed by the trial judge, a potential customer intending to buy goods produced

by the appellant would only walk into the 'BATA' shops of the appellant or those of its franchised holders rather than to a general store stocking the respondents' goods. He would not go into a general store if he intends to buy the appellant's goods. Therefore the likelihood of confusion and deception to the public is substantially reduced. And carrying this even further, we would say that a person seeking to buy shoes would generally go to a shoe shop. A person seeking to buy socks may or may not go to a shoe shop because socks are sold in every other departmental store. But a person seeking to buy underwear will certainly not go to a shoe store to buy such garment. This rational is well illustrated in the case of *In the Matter of a Trade Mark of the United Chemists' Association Limited* [1923] Vol XL RPC 219 at p 220.

[40] So the difference in the trading channels of the parties plays a material part in deciding whether the public would be confused or deceived by the use of the contending marks.

[41] Much associated with this is the type of goods for which a trade mark is registered. Here we would like to point out that the appellant's trade mark is not registered for the goods sold by the respondents under their trade mark. The appellant's trade mark was never registered for socks and underwear. To repeat, the appellants trade mark is only for shoes, boots and parts thereof, slippers and sandals. These goods, whilst registered under the same classification (Class 25) as that of the respondents, nevertheless contrast dramatically with those of the respondents and this is another factor against the appellant's case.

[42] We will now move on to the contention of the respondents that the court should give substantial weight to the decision of the Registrar who, despite being aware of the presence of the appellants trade mark in the Register, decided to allow the respondents to proceed with advertising their mark in the gazette. To support this, the Privy Council case of *Solavoid Trade Mark* (1977) RFC 1 at p 26 was cited where Lord Fraser advised:

> In these circumstances the decision to allow registration, while it does not carry so much weight as if it had been made by the Commissioner himself after hearing evidence, is entitled to substantial weight, having been made by an officer of the Department who was entrusted with the duty of making such decisions and who is shown to have taken into account the respondent's trade mark in coming to his decision.

[43] We find this proposition logical and rational. Here, the Registrar, when processing the respondents' application, discovered two other resembling trade marks, one of which is that of the appellant's. He informed the respondents of this, obviously under an apprehension that if the respondents' trade mark is registered it might cause confusion and deception to the public with the presence of other similar trade marks. The respondents replied with an explanation to calm the concerns of the Registrar. Undoubtedly, the Registrar must have been satisfied with the explanation offered by the respondents since he permitted the respondents' trade mark to be advertised in the gazette. We agree that this decision of the Registrar must bear some weight upon the court when considering this application of the appellant. The reasons are simply these: One of the Registrars duties is to ensure that there

should be no two similar marks registered if it might cause confusion and deception to the public. If he holds the view that there is such a likelihood he would exercise his discretion and prevent the applicant's trade mark from proceeding to be advertised in the gazette. Since the law has placed upon the Registrar such a discretion and if he has made an evaluation before exercising his discretion then it is our view that due weight should be accorded to his decision when a court considers a subsequent application for the removal of a duly registered trade mark that has undergone such a process. From the grounds of judgment of the trial judge, we find that this factor was rightly and duly considered.

[44] Finally having taken into account all relevant factors, we support the trial judges conclusion that probable customers or purchasers of goods retailed by the appellant would not be so foolish as to buy the respondents goods sold under the.respondents trade mark by mistake for that of the appellant's. We hold the view that there is no real tangible possibility of confusion or deception to the public by the use of the respondents' trade mark for their goods. Having arrived at this decision, we find that the trial judge has not misdirected himself over this aspect of the case.

Second issue: Whether at the commencement of the proceedings, the respondents' trade mark is not distinctive of the goods of the respondents

[45] Lockhart J in the Australian case of *Dodds Family Investments Pty Ltd (formerly Solar Tint Pty Ltd) v Lane Industries Pty Ltd and Ors* 25 IPR 197 explained the meaning of distinctive:

> 'Distinctive' means distinctive in the sense that the mark distinguishes the registered proprietor's goods or services from others of the same type in that market, though it does not mean that the goods or services must specifically identify the plaintiff as the source of those goods or services. Often the identity of the supplier will be unknown, but what is important is that a significant number of consumers in the relevant market identify the plaintiff's goods or services as coming from one trade source: see *Johnson & Johnson* at FCR 336 and the other references there cited.

[46] And in *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 at p 19, Mahadev Shankar JCA declared:

> That distinctiveness has to be gauged by the extent to which the trade mark is adapted to distinguish the goods with which its proprietor is connected *in the course of trade from* goods with which no connection subsists. For the purpose of establishing distinctiveness, therefore, one must look to the use of the mark *in the course of trade*. (Emphasis added.)

[47] To prove that the respondents' trade mark is not distinctive of their goods, like the previous issue, the burden is on the appellant — see *Solavoid Trade Mark*and *Lim Yew Sing v Hummel International Sports & Leisure A/S*. But the respondents were quick to point out that the appellant has failed to fulfill this duty. The appellant has only adduced evidence of non-distinctiveness of the respondents' goods to their trade mark at the time of registration. This is completely off the mark. Section 37(c) of the Act specifically demands that this should be 'at the commencement of the proceedings'. We agree with this submission. Since no evidence is produced to prove

this assertion within the correct time frame, we have to dismiss this appellant's ground of contention.

CONCLUSION

[48] For the reasons aforesaid, we dismiss this appeal with costs. Deposit of the appellant for this appeal to the respondents towards the account of taxed costs.

Appeal dismissed.

Reported by Loo Lai Mee